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5
6 Attorneys for Plaintiffs,
HANNA KAYALI and MOHAMMED A. DOLEH

7
8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**

10
11 HANNA KAYALI AND MOHAMMED
12 A. DOLEH, individually and on behalf of
others similarly situated,

13 Plaintiffs,

14 v.

15 ROBINHOOD FINANCIAL, LLC,
16 ROBINHOOD SECURITIES, LLC,
17 ROBINHOOD MARKETS, INC.,
18 CITADEL ENTERPRISE AMERICAS,
19 LLC, MELVIN CAPITAL
MANAGEMENT, LP, TD
20 AMERITRADE, INC., THE CHARLES
SCHWAB CORPORATION, and
21 CHARLES SCHWAB & CO. INC.,

22 Defendants.

CASE NO:

CLASS ACTION COMPLAINT

23 NOW COME Plaintiffs, HANNA KAYALI, (hereinafter “Kayali” or
24 “Plaintiff”), and MOHAMMED A. DOLEH, (hereinafter “Doleh” or “Plaintiff”),
25 (collectively “Plaintiffs”) individually and on behalf of the proposed class, by and
26 through their attorneys, Blaise & Nitschke, P.C., and submit their class action
27 complaint against ROBINHOOD FINANCIAL, LLC; ROBINHOOD SECURITIES,
28 LLC; ROBINHOOD MARKETS, INC.; CITADEL ENTERPRISE AMERICAS

1 LLC; TD AMERITRADE, INC.; THE CHARLES SCHWAB CORPORATION;
2 CHARLES SCHWAB & CO., INC.; and MELVIN CAPITAL MANAGEMENT, LP
3 (hereinafter collectively referred to as “Defendants”). In furtherance whereof,
4 Plaintiffs state as follows:

5 NATURE OF THE CASE

6 This is a class action based upon Defendants’ intentional and willful restriction
7 for certain securities including but not limited to Naked Brand Group Ltd.
8 (“NAKD”), Nokia Corporation (“NOK”), and AMC Entertainment Holdings, Inc.
9 (“AMC”), from its trading platform thereby dispossessing the retail investors of the
10 ability to invest in the free market.

11 PARTIES

12 1. Plaintiff HANNA KAYALI is a U.S. citizen who at all times mentioned
13 in this Complaint resided in the Northern District of Illinois.

14 2. Plaintiff MOHAMMED A. DOLEH is a U.S. citizen who at all times
15 mentioned in this Complaint resided in the Northern District of Illinois.

16 3. Defendant ROBINHOOD FINANCIAL, LLC is a Delaware corporation
17 with its principal place of business at 85 Willow Road, Menlo Park, California 94025.
18 It is a wholly-owned subsidiary of Robinhood Markets, Inc. Robinhood Financial,
19 LLC is registered as a broker-dealer with the U.S. Securities & Exchange
20 Commission (“SEC”). Defendant Robinhood Financial, LLC acts as an introducing
21 broker and has a clearing arrangement with its affiliate Defendant Robinhood
22 Securities, LLC.

23 4. Defendant ROBINHOOD SECURITIES, LLC is a Delaware corporation
24 with its principal place of business at 500 Colonial Center Parkway, Suite 100, Lake
25 Mary, Florida 32746. It is a wholly owned subsidiary of Defendant Robinhood
26 Markets, Inc. Defendant Robinhood Securities, LLC is registered as a broker-dealer
27 with the SEC. Defendant Robinhood Financial, LLC acts as a clearing broker and
28 clears trades introduced by its affiliate Defendant Robinhood Financial

1 5. Defendant ROBINHOOD MARKETS, INC. is a Delaware corporation
2 with its principal place of business at 85 Willow Road, Menlo Park, California 94025.
3 Defendant Robinhood Markets, Inc. is the corporate parent of Defendants Robinhood
4 Financial, LLC and Robinhood Securities, LLC.

5 6. The above-named corporate defendants herein referred to collectively as
6 “Robinhood.”

7 7. Defendant CITADEL ENTERPRISE AMERICAS, LLC is a Delaware
8 corporation with its principal place of business at 131 South Dearborn Street,
9 Chicago, IL 60603. Citadel Enterprises Americas is the largest customer of
10 Robinhood.

11 8. Defendant MELVIN CAPITAL MANAGEMENT LP is a Delaware
12 corporation with its principal place of business at 535 Madison Avenue, 22nd Floor,
13 New York, New York, 10022. Citadel Enterprise Americas, LLC is a hedge fund that
14 owns Melvin Capital Management LP.

15 9. Defendant TD AMERITRADE, INC., is a New York corporation with
16 its principal place of business registered to do business in Illinois, but not in good
17 standing.

18 10. Defendant THE CHARLES SCHWAB CORPORATION is a Delaware
19 corporation with its principal place of business at 211 Main Street, San Francisco, CA
20 94105.

21 11. Defendant CHARLES SCHWAB & CO. INC. is a California
22 corporation with its principal place of business at 211 Main Street, San Francisco, CA
23 94105.

24 12. As of October 2020, The Charles Schwab Corporation acquired TD
25 Ameritrade.

26 13. The above-named corporate defendants herein referred to collectively as
27 “TD Ameritrade.”
28

15. This Court has Federal Question Jurisdiction pursuant to 28 U.S.C. § 1331 because the case arises under the Constitution, laws, or treaties of the United States.

17. This Court has personal jurisdiction over Defendants in that, among other things, Defendants do business in this Judicial District.

FACTS COMMON TO ALL COUNTS

20. According to its “About Us” section on its website, Robinhood believes that the financial system should be built to work for everyone. *About Us*, ROBINHOOD (2021), <https://robinhood.com/us/en/about-us/> (last visited January 28, 2021).

DOCKET
ALARM

1 22. Citadel Enterprise Americas, LLC is one of the largest clients of
2 Robinhood, and on information and belief, Citadel reloaded their short sale positions
3 before they told Robinhood to stop trading stocks in GameStop Corp. (“GME”).

4 23. TD Ameritrade is a broker that offers an electronic trading platform for
5 the trade of financial assets including common stocks, preferred stocks, futures
6 contracts, exchange-traded funds, options, cryptocurrency, mutual funds, and fixed
7 income investments.

8 24. TD Ameritrade provides investing and trading services for 11 million
9 client accounts that total more than \$1 trillion in assets, and custodial services for
10 more than 6,000 independent registered investment advisors.

11 25. On or around January 26, 2021 stocks in Naked Brand Group Ltd.
12 (“NAKD”) began to rise.

13 26. On or around January 22, 2021 stocks in Nokia Corporation, (“NOK”)
14 began to rise.

15 27. On or around January 26, 2021 stocks in AMC Entertainment Holdings,
16 Inc. (“AMC”) began to rise.

17 28. At these times, Robinhood and TD Ameritrade allowed retail investors
18 to trade NAKD, NOK, and AMC on the open market.

19 29. On or about January 28, 2021, in an effort to restrict the free market,
20 Robinhood and TD Ameritrade deprived its individual investor customers of the
21 ability to transact on their platforms for certain securities including NAKD, NOK,
22 and AMC.

23 30. Meanwhile, hedge funds and institutional investors may continue to
24 trade as normal.

25 31. Robinhood explicitly stated, “We continuously monitor the markets and
26 make changes where necessary. In light of recent volatility, we are restricting
27 transactions for certain securities to position closing only, including \$AAL, \$AMC,
28 \$BBR \$BBRV \$CTRM \$EXPR \$GME \$KOSS \$NAKD \$NOK \$SNDI \$TR

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